



January 31, 2014

To: Executive Board

Subject: **Request for Proposals – Audit Services**

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### **Recommendation**

Authorize the Executive Director to issue a Request for Proposals (RFP No. 14-020) for a Certified Public Accountant or Certified Public Accounting firm to perform audit services for Foothill Transit.

### **Analysis**

At the March 2010 Executive Board meeting, a three-year contract was awarded to Lance, Soll and Lunghard for financial audit services for Foothill Transit. The contract includes two one-year options that can be exercised at Foothill Transit's sole discretion. If authorized by the Executive Board, this Request for Proposals will be issued to retain audit services starting with Foothill Transit's FY 2014 audit.

Foothill Transit seeks the services of a Certified Public Accounting firm with the experience and qualifications that meet the highest financial industry standards while still offering the most competitive price for services rendered. The selected firm will:

1. Perform an audit of all Foothill Transit funds. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States. Foothill Transit's Comprehensive Annual Financial Report (CAFR) will be prepared and word-processed by the audit firm. The CAFR will be in full compliance with Governmental Accounting Standards Board (GASB) 34 and all other applicable statements as they become effective. The audit firm will render their auditors' report on the basic financial statements which will include but not be limited to, the Balance Sheet, Statement of Revenues and Expenses, Statement of Changes in Equity, and Statement of Cash Flows. The audit firm will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund and each major fund of Foothill Transit.
2. Perform agreed-upon auditing procedures specified by the Federal Transit Administration (FTA) in the Declarations section of the reporting manual pertaining to the FTA – National Transit Database (NTD) on data contained in Foothill Transit's Federal statistics form (FFA10). A report shall be issued noting findings and compliance with the agreed-upon procedures.



3. Perform a single audit on the expenditures of federal grants. The audit will be in accordance with the Office of Management and Budget (OMB) Circular A-133 and the appropriate audit reports will be redendered on Internal Control over Financial Reporting based upon the audit of Foothill Transit's financial statements in accordance with *Government Auditing Standards* and the appropriate reports on compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133. The single audit report will include appropriate schedule of expenditures of federal awards, footnotes, findings and questioned costs, and follow-up on prior audit findings where required.
4. Perform a compliance audit following the procedures contained in the Transportation Development Act (TDA) Conformance Auditing Guide. A report shall be issued regarding findings and compliance with these guidelines.
5. Perform a compliance audit following the procedures contained in the Proposition A and Proposition C Discretionary Conformance Audit Guide. A report shall be issued noting findings and compliance with these guidelines.
6. Perform a compliance audit following the procedures contained in the Measure R Conformance Audit Guide. A report shall be issued regarding the findings and compliance with these guidelines.
7. Issue a separate "management letter" that includes recommendations for improvements in internal control.

The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller of the United States. Liquidated damages for the late delivery of audit reports will be included in the contract for this project.

### **Budget Impact**

Funds for financial and compliance audit services are programmed annually in Foothill Transit's operating budget.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gil Victorio".

Gil Victorio  
Interim Director of Finance

A handwritten signature in blue ink, appearing to read "Doran J. Barnes".

Doran J. Barnes  
Executive Director